

**KIM JONG IL**

**LET US FIRMLY EQUIP OURSELVES  
WITH THE THEORY OF  
JUCHE-ORIENTED SOCIALIST  
ECONOMIC MANAGEMENT**

WORKING PEOPLE OF THE WHOLE WORLD, UNITE!

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Letter to the Teaching Staff and Students of the University of  
National Economics on the 45<sup>th</sup> Anniversary of  
Its Establishment *July 1, 1991*

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Forty-five years have elapsed since the establishment of the University of National Economics by the great leader Comrade Kim Il Sung. Over the past 45 years, this university has been loyal to the leadership of the Party, discharging the revolutionary tasks entrusted to it with credit.

Looking back with great pride upon the journey it has made in loyal support of Party leadership, I extend warm congratulations to the entire teaching staff and students of the University of National Economics who are celebrating the 45<sup>th</sup> anniversary of their university.

The University of National Economics has been developed into a reliable cadre-training centre of our Party, under the wise leadership of the Party and the leader. It has an excellent teaching faculty of competent scientists and teachers, solid material and technical foundations for education, such as a research institute for every branch of the national economy, and fully employs our unique style of educational system and method. Such a cadre-training centre for the management of the state economy as the University of National Economics, equipped so immaculately in terms of both the content and method of education and the conditions for education, is rarely to be found in any country.

Over the past years, this university has trained a great number of cadres for the management of the state economy who are loyal to the Party and the leader and qualified for economic and practical affairs, so rendering a great contribution to strengthening our people's government and accelerating the revolution and construction. Among the leading officials of the state administrative and economic institutions, factories and enterprises, there are many graduates from this university who are playing a pivotal role in the work of state management and economic construction. This university has pressed on with the work of equipping officials with our Party's ideas and theory on economic management, at the same time contributing actively to the work of putting economic management on a regular footing, including the work of formulating and disseminating the regulations of socialist economic

management and creating a model unit of industrial management and generalizing the experience.

I highly appreciate the success the University of National Economics has achieved over the past years, and, on behalf of the Party Central Committee and on my own behalf, extend my heartfelt thanks to the entire teaching staff and students of the university for the devoted service they are rendering to implement the Party's cadre-training policy, cherishing deep in their minds their loyalty to the Party and the leader.

The University of National Economics is the supreme temple for training administrative and economic officials with a mission to bring up leading cadres of state economic management.

The University of National Economics is now faced with an important task to support and defend the theory of Juche-oriented socialist economic management, and to embody it in a thoroughgoing way. All the teaching staff and students of the university, keenly aware of their heavy duty to the Party and revolution, must staunchly support and defend the theory of Juche-oriented socialist economic management and thoroughly embody it under any circumstances. The University of National Economics must fully equip the state economic management officials and its students with the theory of Juche-oriented socialist economic management.

## **1. ON THE FUNDAMENTAL PRINCIPLE OF SOCIALIST ECONOMIC MANAGEMENT**

Juche-oriented socialist economic management theory is a unique man-centred theory on economic management which is evolved on the premise that the masses are the masters of economic management.

Economic management is the function that coordinates people's economic activities with a view to achieving a certain economic objective. In

any society where economic activities take place on the basis of collective labour of the people there has to be economic management. The essence and fundamental principle, system and method of economic management change completely depending on who is the master of the function. In capitalist society, where capitalists rule the roost, economic management serves to oppress and exploit working people for the interests of the capitalists. On the contrary, in socialist society, in which the masses are the masters of economic management, economic management becomes a social function to coordinate the work of ensuring independent and creative economic activities of the working people.

The fundamental principle of socialist economic management is to make the masses the real masters of economic management. In other words, it is to help the masses to exercise their actual right and perform their responsibility and role to the full as the masters of economic management.

Whether to make the masses real masters of economic management or not is the fundamental question arising in socialist economic management, and how to solve this question will decide success in socialist economic construction and the destiny of the socialist system.

When the masses become the masters of state power and the means of production, social conditions will be created for them to take the position of master and fully perform their responsibility and role as such even in economic management. The creation of such social conditions, however, does not mean that the masses take the position of master and discharge their responsibility and role to the full as such in economic management of their own accord.

In order to help the masses to become masters and fully perform their responsibility and role as such in economic management, economic management in socialist society must be geared to their interests and demands. Even if social conditions have been created for the masses to become the masters of economic management through the elimination of capitalist ownership and the establishment of socialist ownership, the masses would still be unable to exercise their rights as masters and perform the

responsibility and role as such to the full in economic management unless economic management accords with their aspirations and demands.

Only when economic management is made to be the business of the masses themselves, meeting their aspirations and demands, can the entire working people take part in it with the attitude of a master and give full rein to their creative ability in economic construction. In order to induce the masses to take part in economic management with the attitude of a master and display their creative ability to the maximum, it is important to elevate their political awareness and creative enthusiasm. Socialist economic management requires that every problem is solved by developing the political awareness of the masses, the master, and mobilizing the creative energy and wisdom of the working people. It is only when the masses become the real masters of economic management that the national economy can form a single productive organism and display the full might of collectivism, constantly developing at a high speed.

Consolidating and developing the relations of comradely unity and cooperation continuously in socialist economic management is a major problem arising in making the masses the real masters of economic management. The independent and creative economic activities conducted by the masses as the masters can be promoted successfully only when they are based on collectivism. Man is a social being who is living and active in relationship with society and therefore, he can meet his demand for independence and play his creative role to the full only within the bound of a social collective. That in socialist society the masses take the position of master and perform their responsibility and role to the full as such in economic management is also ascribable to the fact that socialist society is based on collectivism, and unity and cooperation constitute the main aspect of the social relationship. As far as the management of the socialist economy is concerned, only when the economic activities of collective and individual working people are coordinated in a unified way and the relations of comradely unity and cooperation are developed properly is it possible to make the masses the real masters of economic management.

The fundamental principle of the socialist economic management reflects the character of socialist society. Socialist society takes on a communist character as it belongs to the early stage of communist society, while at the same time assuming transitional character in that it is immature as compared with the high stage of communist society.

With the progress of socialist economic construction and the ongoing process in which the transitional character of socialist society is overcome, the fundamental principle of socialist economic management is embodied in a more complete way, and the system and method of economic management based on it are developed to more perfection.

Socialist economic management assumes its inherent characteristics different from the capitalist industrial management based on individualism, for it reflects the communist character of socialist society.

Socialist economic management requires that main emphasis be given to political guidance.

Party leadership is the lifeline of socialist economic management; it is the main source of the advantages and vitality of the latter. Party leadership in socialist economic management is realized through political guidance over the economic activities of people. Socialist economy can be managed and operated properly in accordance with its intrinsic nature only under the political guidance of the Party.

The political guidance of the Party is the basic guarantee for giving full rein to the creative ability of the masses in economic activities. The advantage of the socialist economy is that it brings the inexhaustible creative ability of its master, the masses, into full play. The masses can display their creative power to the maximum only when they are united into a single socio-political organism on the basis of a collectivist outlook on life. It is the working-class Party that unites the masses into a socio-political organism equipped with great creative power. Only under its leadership can the masses be awakened and organized to be linked with the leader by the same bond of blood relationship and possessed of invincible might. It is only when the political leadership of the Party is fully secured that it is possible to



thoroughly equip all the participants in the economic activities with the revolutionary idea of the leader, firmly unite them behind the Party and the leader, and forcefully push ahead with socialist economic construction by giving fullest rein to their creative power and wisdom.

The political leadership of the Party makes it possible for economic institutions and enterprises to manage and run the economy in accordance with the demands and interests of the masses. The guiding principle in this undertaking is the Party's lines and policies. Party lines and policies illuminate the objectives and direction of struggle, the strategy and tactics, concrete tasks and ways for safeguarding and materializing the independence of the masses in every period and at every stage of revolution and construction. When the political leadership of the Party is fully ensured so that all economic institutions and enterprises defend and implement the Party's lines and policies to the letter, the economy can be managed and run to meet the demands and interests of the masses.

The political leadership of the Party is essential for adhering to revolutionary principle and embodying it in economic management. Only when it is secured is it possible to thoroughly overcome all sorts of Leftist and Rightist deviations, including the elements of capitalism, in economic management, defend and maintain the socialist economic system based on collectivism, and consolidate and develop it continuously.

Socialist economic management requires that the economy be managed and operated in a planned way under the unified guidance of the state.

Developing the economy rapidly in a planned way under the unified guidance of the state is an essential requirement of socialist economy. Only when the national economy is developed rapidly in a planned way can the socialist economic system be steadily consolidated and developed and the development of productive forces stepped up so that the masses are fully provided with independent and creative lives materially.

The planned and balanced development of socialist economy at an uninterrupted high speed can be fully ensured only when the economy is managed and run under unified state guidance. Only the unified control and

guidance by the state over the economy makes it possible to work out the plan for the development of the national economy as suited to the aspirations and demands of the masses and properly organize and guide its fulfilment and establish discipline for carrying out the state plan, so as to rapidly develop the national economy in a planned and balanced way. It is only when the economy is managed and operated in a planned way under unified state guidance that it is possible to make rational use of labour and the natural resources of the country and realize planned production and distribution, accumulation and consumption so as to promote socialist enlarged reproduction on a large scale, and to rapidly develop science and technology and establish reasonable links between scientific and technical process and production and so raise productivity.

The imperialists and reactionaries are vilifying that socialist planned economy brings down productivity, impedes technical development and suppresses producers' creativity because it is the economy run by the state in an "administrative, bureaucratic way", while viciously attempting to turn it into a capitalist market economy. Capitalist market economy, however embellished it may be, cannot cover up its anti-popular character of bringing exploitation and oppression, unemployment and poverty down upon the masses. In those countries where socialist planned economy has been replaced by capitalist market economy at the hands of the advocates of return to the bourgeois system, socialist ownership has given way to capitalist ownership, the economy is tottering in a quagmire of confusion and crisis, people's lives are getting worse with the passage of time due to the decline in production, large-scale unemployment, a dearth of commodity goods and skyrocketing prices, and the economy is being relegated into a dependent economy. The one and only way to defend the socialist planned economy and display its advantages to the full is to further the unified state guidance under the leadership of the Party. We must resolutely smash the attempts of the imperialists and the advocates of return to the bourgeois system to replace the socialist planned economy with a capitalist market economy, and staunchly defend and maintain the unified guidance of the state.

Socialist economic management requires that the mass line be implemented to the letter.

In socialist society, where the masses are the masters, the mass line should be implemented to the full in economic management, too, in keeping with the nature of the society. Our Party's mass line is the fundamental principle of mass guidance which has been newly clarified by the principles of the Juche idea. In socialist economic management the opinions of the producer masses should be respected, their interests defended, and all problems arising in economic management solved by relying on the revolutionary enthusiasm and creative zeal of the producer masses, to meet the requirements of the mass line. The leading officials of state economic institutions and enterprises, guided by the requirements of the mass line, must always defend the interests of the masses thoroughly and serve them faithfully, believe in their strength and go among them, sharing life and death, weal and woe with them and mobilizing their strength and wisdom. Then whatever problem arises in economic management, it can be solved successfully.

In socialist economic management the mass line is implemented to the letter only when it is combined with the unified guidance of the state. It is only when the mass line is carried out to the full that socialist economic management can be economic management for the masses and truly serve their interests. In addition, it will become an undertaking of the masses themselves as they take part in it with the attitude of master and carry out Party policy and its embodiment, the state plan, helping and leading each other forward and displaying their high sense of revolutionary enthusiasm and creative zeal.

The practical experience of our socialist economic management shows that only when a struggle is launched vigorously to implement the mass line in economic management can economic management be turned thoroughly into an undertaking for and of the masses. Our Party has helped the officials of the state economic institutions to wage an uninterrupted struggle to oppose bureaucratism and implement the mass line in the guidance and management of the socialist economy; in this course, it has established a revolutionary working system and working method and so found a brilliant solution to the problem of carrying out the mass line in economic management.

Socialist economic management also has a characteristic which reflects the transitional character of socialist society. The transitional character of socialist society cannot determine the essential character of socialist economic management, but taking it into account is of great importance in economic management. Proceeding from the transitional character of socialist society, socialist economic management allows enterprises to have relative independence in their management activities and make use of material incentives for labour, and commodity and monetary relations as well as the law of value as means of economic management. In socialist economic management one must not neglect the transitional character of socialist society, considering only the communist character absolute.

In socialist economic management you must take into account both the communist character and transitional character of socialist society. What is important in solving the problem of economic management in keeping with these characters is to suitably apply economic laws and categories which reflect the transitional character of socialist society and meet the collectivist nature of socialist society. The economic laws and categories related to the transitional character of socialist society mirror the socio-economic conditions of socialist society, which still retains the remnants of old society. In socialist economic management you must not ignore them or consider them absolute, giving undue importance to them. If you regard them as absolute, elements of capitalism might spring up, bringing about serious consequences in which the socialist economy may degenerate into a capitalist economy. In socialist economic management you must use them sizably to meet the collectivist nature of socialist society so that they serve as economic means to bring the advantages of the socialist system into play.

The advocates of modern social democracy who have been setting too much importance on economic laws and categories, considering them absolute, are now going to the length of introducing a capitalist market economy—the way leading them to give up socialism and revive capitalism. In socialist society economic laws and categories reflecting the transitional character of socialism must be used to better develop the relations of unity

and cooperation based on collectivism and consolidate the socialist planned economy; they must not be used to foster individualism and egoism and restore the capitalist market economy. Collectivism and individualism are fundamentally opposed to each other, and the socialist planned economy based on collectivism is by no means compatible with the capitalist market economy based on individualism.

We must make proper use of economic levers, which reflect the transitional character, to meet the essential characteristics of socialist economic management, so that they render effective service to opposing individualism and egoism, embodying the collectivist principle to the letter, intensifying the unified, planned management by the state of the economy, and bringing the advantages of the socialist planned economy into full play.

The main task of socialist economic management is to step up socialist economic construction to the maximum through giving full scope to the advantages of the socialist economic system, so as to lay down strong material and technical foundations of socialism and communism and provide the masses with fully independent and creative lives. The socialist economic system can display its advantages to the full only when the guidance and management of the socialist economy are conducted efficiently under the wise leadership of the Party and the leader. In our country the essential advantages of socialist economic system as a whole are brought into full play because the most scientific solution has been found to the matter of socialist economic management under the wise leadership of the Party and the leader. The fundamental principle of socialist economic management is embodied in the basic principle of economic management.

The great leader Comrade Kim Il Sung has pointed out the basic principles of socialist economic management scientifically by generalizing the rich experience he has gained in economic management while wisely organizing and leading the socialist economic construction.

The basic principle of socialist economic management defined by the great leader is to properly combine political guidance with economic and technical guidance, unified state guidance with the creative initiative of each unit,

democracy with undivided leadership, and political and moral incentives with material incentives. In other words, it enables the state economic institutions to offer economic and technical guidance under the political guidance of the Party, to enhance the initiative of each unit on the basis of fully ensuring the unified, planned guidance of the state over it, to give undivided leadership on the condition that democracy is ensured, and to properly combine material incentives with political and moral incentives with main emphasis on the latter.

The basic principle of socialist economic management is the revolutionary principle which makes it possible to maintain the revolutionary principles of the working class in economic management and manage and run the economy scientifically and rationally in accordance with the essential nature of the socialist system.

As the theory of Juche-oriented socialist economic management has given a scientific clarification of the fundamental principles and guide with the masses as the centre, a genuine way has been developed for the masses to take the position of master and perform their responsibility and role as such in production and management. In the fact that the fundamental principles and guide of socialist economic management have been pointed out lies the originality and advantage of Juche-orientated economic management theory.

The preceding revolutionary theory of the working class, due to limitations in its material-centred world outlook and lack of practical experience in socialist construction, failed to give scientific elucidation of the fundamental principles and guide of socialist economic management. In the past, several countries resorted mainly to economic and technical guidance, administrative methods and material incentives in their guiding and managing the socialist economy; these methods fostered bureaucratism in economic management and developed the growth of the remnants of obsolete ideas such as individual egoism and self-centredness among the people, so that the advantages of the socialist system could not be brought into full play. The advocates of modern social democracy are now introducing capitalist methods in economic management, thus turning socialist economy into capitalist economy. Capitalist economic management is fundamentally

antagonistic to socialist economic management. In capitalist society the right to industrial management lies in the hands of the capitalist, the owner of the means of production, while the producer masses, being the slaves of capital, have no right to management. The relations between the capitalists and producer masses are characterized by class antagonism and struggle. The capitalist industrial management system is a despotic system which coercively subordinates the producer masses to management activities for the capitalist, and an anti-popular exploitative system binding the producer masses with money and oppressing them. Such a reactionary system is being forced by the advocates of modern social democracy upon the producer masses. They are making use of unemployment as the means of increasing labour intensity, changing human relations into commodity and monetary relations, rejecting party leadership and centralized planned guidance of the state, and advertising privatization of industries and unrestricted free competition. Steeped so deeply in the view that material is almighty, they regard the masses not as the most dignified beings with ideological consciousness of independence, but as vulgar beings who merely seek to satisfy their own individual avarice, not as powerful beings equipped with creative ability, but as powerless beings controlled by material and economic conditions. It is foolish of them, arrested by such a mistaken view of and attitude to the masses, to attempt to deal with the challenging difficulties in socialist economic management through the introduction of a capitalist market economy and the employment of individualistic methods. The present-day horrible state of affairs in several countries shows that if the matter of socialist economic management is viewed with material or profits as the centre, not the masses, it is impossible to bring the advantages of socialist economic system into play, still less maintain the socialist system itself.

In our country, under the leadership of the Party, we have established a people-centred economic management system and method which faithfully serve the masses and give full rein to their creative role, in keeping with the fundamental principles and guide of socialist economic management, so finding a brilliant solution to the matter of socialist economic management in accordance with the revolutionary principles of the working class and the

intrinsic nature of the socialist system. The practical experience in socialist construction vindicates confidently that the one and only way to deal with economic management is to adhere to the fundamental principles and guide of economic management clarified by Juche-orientated socialist economic management theory.

Clearly aware of the validity and advantage of Juche-orientated socialist economic management theory based on the fundamental principle of the people-centred socialist economic management, we must embody it thoroughly in socialist economic management.

## **2. ON THE SOCIALIST ECONOMIC MANAGEMENT SYSTEM**

Establishing the socialist economic management system properly is of great significance in consolidating and developing the socialist economy and bringing the advantages of socialism into full play.

Economic management system means the work system and management structural system for organizing and guiding the national economy. In economic management the work system means the system and order whereby the fundamental principles and guide of economic management are to be embodied; the structural system of management is the system and function of the economic managerial structures and of their mutual relations. Only when the economic management system is properly set up in socialist society can the direction and regulations of the activities of economic managerial structures and of their members, as well as their positions and roles, be defined correctly and their activities be geared properly into one another. When the economic management system is established suitably to meet the intrinsic nature of the socialist system and improved to perfection as required by the developing reality, the socialist economic system can display its



advantages and vitality to the full and develop itself continuously; if not, the socialist economic system will go through gradual disintegration and end up degenerating into a capitalist one. The socialist economic management system is a matter of vital importance, bearing upon the fate of the socialist economic system.

Establishing the socialist economic management system and bringing it to perfection is a very difficult and complicated undertaking. This is a social revolution to liquidate the old economic management order, and a creative undertaking to establish and consolidate a new socialist economic management order. An important aspect in this undertaking is to eliminate the remnants of capitalist economic management order in industry, agriculture and all other branches of the national economy and establish a new socialist economic management system based on the revolutionary principle and guide. The socialist economic management system can serve as a powerful weapon to maintain and develop the socialist economic system and bring its advantages into full play only when the new socialist economic management order is established on a full scale in all sectors of the national economy.

Developing the socialist economic management order as a whole to perfection is the process in which the economic management order reflecting the communist character is constantly consolidated and developed, while the economic management order keeping the transitional character is gradually disintegrated. In order to improve the socialist economic management system to perfection as required by the law governing the process of establishing the socialist economic management system, a prototype of the communist economic management on which the socialist economic management should firmly rely throughout the historical period of its transition to communist economic management, must be created.

The great leader Comrade Kim Il Sung created the Taean work system by embodying the Chongsanri spirit and method in the domain of economic management in the early 1960s, when in our country the socialist system was established and the overall technical transformation was under way, and so

brilliantly accomplished the historical task of creating a prototype of communist economic management and opened up a new era of socialist, communist economic management. The establishment of the Taean work system was a historic revolution which effected a remarkable turn to communist economic management system whereby the economy is managed and run under the collective guidance of the Party committee.

The most advantageous Taean work system which meets the intrinsic nature of the socialist system is the Juche-type economic management, whereby the economy is managed and run scientifically and rationally through the implementation of the mass line under the collective guidance of the Party committee. Its essence consists in the fact that it embodies the Juche idea and revolutionary mass line based on it. It is a unique economic management system which combines the monolithic leadership of the Party and the centralized, planned guidance of the state with the mass line. This is indeed a people-centred economic management system, whereby the masses are the real masters of economic management, managing and running the economy scientifically and rationally, and a communist-type economic management which fully embodies the collectivist principle, "One for all and all for one."

The Taean work system is a work system whereby economic institutions and enterprises carry out all management activities under the collective guidance of their Party committees.

The collective guidance of Party committees is essential in the Taean work system. The Taean work system requires that the Party committee, being the supreme leadership body of each unit, should collectively discuss and decide all problems arising in economic management, and Party officials and administrative and economic officials should perform their respective duties as discussed and decided upon by the Party committee.

Collective guidance by the Party committee is political guidance, namely, guidance based on Party policy, over economic activities. It is different from administrative guidance or economic and technological guidance of administrative and economic bodies. The collective guidance of the Party

committee, the political leadership body, has nothing in common with the practice of taking administrative work upon itself or administrative method. It is to define the direction and way for implementing the economic policies of the Party by relying on the collective wisdom of the masses and to move the masses by political method, so that what has been discussed and decided at the Party committee is implemented accurately. Political guidance, namely, guidance based on Party policy, over economic activities—this is the underlying characteristic of collective guidance by the Party committee.

Collective guidance by the Party committee makes it possible to ensure top priority to political guidance and organically combine political guidance with economic and technological guidance, for it requires administrative and economic officials to carry out economic and technological work and administrative and organizational affairs, and officials of the Party and working people's organizations to conduct political work, in the direction and according to the requirements discussed and decided collectively at the Party committee. It makes it possible to eliminate individuals' subjectivity and arbitrary decisions, to collectively discuss and decide direction and methods for carrying out economic tasks through summing up the aspirations and demands of the broad masses of producers, and to fulfil them successfully by stimulating the revolutionary enthusiasm and creative zeal of the producer masses. According to the decision of the Party committee, it helps the leading administrative officials to conduct supervision in a determined way and induces Party and working people's organizations to inspire the masses, and politically ensure that the unified supervision of the leading administrative officials is fully realized on the basis of the masses' high sense of consciousness.

The proponents of modern social democracy are rejecting Party guidance over economic work. If Party guidance, that is, political guidance over economic work, is negated, management activities cannot be organized and carried out in the right political direction, nor can the political work to educate people and rouse them to the implementation of economic tasks be conducted properly. Giving no Party guidance to economic work is, in essence, as good as negating Party leadership over socialist economic

construction, and abandoning the revolutionary principles of the working class. The further our revolution is developed, the more we must intensify Party guidance over economic activities, lest a slightest element of capitalism and revisionism is manifested in our socialist economic management.

The Taeon work system requires that priority be given to political work, economic tasks fulfilled through mobilizing the producer masses, and help rendered responsibly by the higher echelon to the lower echelon.

Giving precedence to political work and for the higher echelon to help subordinate ones in economic management is the major requirement for implementing the mass line, and an important guarantee for ensuring scientific and concrete guidance. It is the work order under which the collective guidance of Party committees encourages the broad masses to involve themselves voluntarily in the accomplishment of economic tasks by giving priority to political work, and induces the higher echelons to actively help the lower ones politically and ideologically, economically and technologically. The work order of giving precedence to political work and inducing the higher echelons to help the lower ones enables the working people to sincerely work for society and the collective on purpose and of their own will, to strengthen unity and cooperation and to carry out socialist cooperative production most creditably.

The Taeon work system is the system of managing and operating the economy in a planned way.

The socialist economy has the possibility of developing in a planned and balanced way on the basis of social ownership over the means of production. This possibility can be translated into reality only when a scientific work system, whereby the economy is managed and run to meet the demands of the law of planned and balanced development of the national economy, is established and the masses are inspired properly.

The Taeon work system firmly ensures the planned and balanced development of the national economy by establishing the system and order through which the centralized state guidance and the mass line are combined under the leadership of the Party in formulating the plan and implementing it.

The question to be solved on a priority basis in establishing the system of planned management and operation of the national economy is to eliminate subjectivity of state planning organs and any self-centred practice of producers in planning work, properly combine the demands of the Party and state with those of producers, and coordinate the economic activities of all branches and units of the national economy into gear to the finest detail. The Tae'an work system requires the officials of state planning organs and higher echelons who are well-informed of the demands of the Party and state and the economic life of the state as a whole, to formulate the plan through wide-scale discussion with the producer masses so that the plan becomes the plan of the masses themselves. It turns the planning departments of economic organs and enterprises into the planning cells of the state planning organs, and enables the planning work to be conducted under the unified leadership of the State Planning Commission and brings the planned indices to come into gear concretely from below upwards. For such characteristics, the Tae'an work system becomes the work system which ensures correct embodiment of our Party's policy on unified and detailed planning, the work system that promotes planned management and operation of the socialist economy through finding a satisfactory solution to the problem of planning arising in socialist economic management.

The Tae'an work system is the system of properly combining science and technology with production.

The socialist economy is an economy which is developing on the basis of objective laws and advanced science and technology, an economy standing on a highly modernized and scientific footing. The unified development of science and technology and production constitutes the major characteristic of the development of contemporary production. The incessant, rapid development of contemporary production is achieved through the process of developing science and technology and introducing their achievements in production in time and on a wide scale, while guidance over production is made to be the process of realizing scientific and technological guidance. The Tae'an work system makes it possible to decisively step up scientific and

technological guidance, give top precedence to scientific and technological development, and, for the introduction of their achievements in production, gear science and technology organically into the development plan for production and actively push it ahead. It makes it possible to achieve a proper combination of science and technology with production, for under this system the chief engineer of an enterprise, who is well-informed of technological affairs, works as the chief of staff, taking unified control of all affairs directly related to production and giving comprehensive guidance over the process. One of the advantages of this system consists in the fact that it gives rein to the revolutionary enthusiasm and creative zeal of the producer masses on the one hand, and combines science and technology with production and puts production on a high scientific and technological footing on the other, thus promoting high-speed development of the economy.

The Taeon work system is the system which provides for rational production by making effective use of economic levers.

Economic levers are an important means of managing and running the socialist economy rationally. The basic problem in using economic levers is to make proper use of each of them to suit the collectivistic character and the law governing the development process of socialist society. The order by which to ensure rational production by making proper use of economic levers has been established perfectly through the Taeon work system. The Taeon work system considers the principal motive force of the development of socialist economy to be the high sense of revolutionary enthusiasm and creative zeal on the part of the working people and, on the basis of giving top priority to political work aimed at elevating them ceaselessly, makes it possible to use economic levers as a means of ensuring planned and effective production.

The Taeon work system ensures overfulfilment of quantitative indices of production through improving the qualitative indices, by establishing the order whereby both the quantitative and qualitative indices of production are fixed scientifically to suit reality and management activities are conducted successfully in consideration of both. It makes it possible for materials supply

agencies to supply materials as planned and contracted through commercial form. If the planned supply of materials is realized through commercial form, it is possible to meet production quotas without difficulty and with less materials. Through the order whereby work norms are fixed scientifically, manpower resources are managed on this basis, and the leverage of labour reward is made use of reasonably, the Tae'an work system helps to increase the efficiency of labour and production and ensures production with less manpower. It makes it possible to make correct economic calculation and increase profitability by making good use of financial leverage, thus ensuring rational production for greater benefits accruing to the state. It allows for effectuation of a self-balancing system on the principle of inducing enterprises to conduct management activities creatively with relative independence under the planned guidance of the state. In this way, it makes the self-balancing system serve to realize collectivist principles and the planned, balanced development of the national economy more effectively, and to improve the effectiveness of production and management activities.

The Tae'an work system establishes the order whereby economic leverage is used accurately to meet the collectivist nature of socialist society, so that economic leverage makes an active contribution to bringing the advantages of the socialist economic system into play and ensuring rational, planned production.

It is the most advantageous socialist economic management system, which is embodied as a whole in all branches of our national economy. Our economic management system of all kinds, such as the agricultural guidance system characterized mainly by county cooperative farm management committees, and the planning system which materializes unified and detailed planning, constitutes a system whereby the economy is managed and run in a planned and scientific way through implementing the mass line under the collective leadership of Party committees as required by the Tae'an work system. The socialist economic management system established throughout our country, the main content of which is the Tae'an work system, is our unique style of economic management system. The historical experience in

the solution of the matter of socialist economic management indicates that there is not and cannot be any other better economic management system in socialist economic construction than the Tae'an work system. We must feel great pride and self-confidence in having the most advantageous socialist economic management system and staunchly defend and fully apply the Tae'an work system, the Juche-orientated socialist economic management system, without any vacillation no matter what wind may blow.

This year marks the 30<sup>th</sup> anniversary of the creation of the Tae'an work system. Over the past 30 years, great successes have been achieved in the struggle to apply the Tae'an work system. Following up these successes, we must apply this system more thoroughly.

To this end, the collective guidance of the Party committee must be intensified so that collectivity proves its worth in actual economic management. The great strength of the Tae'an work system consists in the fact that it mobilizes the creative power and wisdom of all people involved in economic activities to the maximum under the leadership of the Party. All branches and units of the national economy must deal with all problems arising in economic management through collective discussion under the guidance of the Party committee; they must not tolerate individual subjectivity and arbitrariness in this undertaking. Party, administrative and economic officials must cooperate with one another and strengthen comradely unity in their work. In particular, the leading officials of each enterprise, that is, manager, Party secretary and chief engineer, must form a trinity, each discharging his or her responsibility in their respective post, and closely cooperating with each other as comrades. Suppose the manager of an enterprise is the commander, the Party secretary equals political commissar. The senior Party officials of an enterprise must not take over administrative affairs, ruling the roost. Bearing in mind the fact that usurping administrative affairs is the major hindrance to implementing the Tae'an work system in economic guidance and industrial management, Party officials must effectively conduct political work and ideological education for the working people to ensure administrative and economic work as discussed and decided



upon by Party committees, so that the officials, technicians and workers make concerted efforts, displaying their responsibility and creative initiative to the full in fulfilling economic tasks. The manager and chief engineer must always take a sincere attitude towards Party guidance and play their responsibility and role to the full as befits leading administrative officials to make matters discussed and decided upon collectively by the Party committee implemented to the letter.

In order to improve guidance and management of the socialist economy through the full implementation of the Taaen work system, administrative and economic officials must deal with economic and technical affairs and administrative and organizational affairs in a responsible and creative way, on the principles of giving priority to the development of science and technology and developing economic effectiveness and quality of products.

Developing science and technology, economic effectiveness and the quality of products is an important task to be fulfilled in organizing administrative and economic affairs. The more intensively socialist construction is promoted, the greater becomes the demand for the development of science and technology, economic effectiveness and quality of products.

Developing science and technology is the basic factor for improving economic effectiveness and quality of products; developing production on the basis of rapid development of science and technology is the main trend of economic development in our era. One of the important advantages of the Taaen work system is that it vigorously promotes technical development through intensive guidance over science and technology. We must give top priority to the development of science and technology, so as to develop science and technology of the country to world standard as soon as possible. An important aspect of the work to develop science and technology on a priority basis is to work on an accurate plan for the development of science and technology and efficiently deal with supply work for its fulfilment. The plan for the development of science and technology must be formulated accurately to meet the requirements of the work to make the national

economy Juche-orientated, modern and scientifically-based, and the specific situation of each unit concerned. We must supply the equipment, materials and funds necessary for its fulfilment on a priority basis, actively introduce successes of scientific and technological research into production in time, and vigorously launch a mass technical innovation campaign, so that all technicians and workers become creators and innovators of new technology. While developing the technology of the country with a main emphasis on our internal efforts, we must actively accept the achievements of advanced technology of foreign countries.

Improving economic effectiveness is the major way to ensure a constant high speed of socialist enlarged reproduction through economizing social labour and increasing net social income. Economic institutions and enterprises must take hold of and constantly improve the qualitative indices of production such as labour productivity, standard of material consumption, cost of products and the like, thus increasing the effectiveness of production. In promoting technological development and investment into capital construction, too, it is important to organize economic work to the last detail on the basis of scientific calculation, with a main emphasis on raising economic effectiveness.

All production units must thoroughly establish scientific quality control so as to improve the quality of products, with a correct understanding of the fact that improving the quality of products is important in economizing social labour, increasing the effectiveness of production, improving people's living standards and developing trade with foreign countries.

In order to implement the Tae'an work system to the letter, it is imperative to improve the economic management structure to perfection to meet the requirements of developing reality.

The socialist economic management structure system takes its basic mission to be to constantly develop production and technology by thoroughly implementing the Tae'an work system.

The economic management structure must be organized on the principle of properly combining unified state guidance with the creative initiative of

enterprises and local areas. The proper combination of unified state guidance with the creative initiative of enterprises and local areas is realized through the reasonable demarcation of responsibility and authority between the state and enterprises, and between the state and the local administrative and economic institutions. If enterprises and local areas are not given power to some extent, but are only held in tight control, simply because the socialist economy is a centralized economy, it is impossible to enhance the independence and creative initiative of enterprises and local areas; on the contrary, if excessive authority of economic management is transferred to enterprises and local areas on the excuse of increasing the latter's creative initiative, then the centralized guidance of the state would become weak and the socialist economy would be brought into a mess. The socialist economic management structure must be steadily improved on the principle of empowering enterprises and local administrative and economic institutions with authority to some extent to develop their sense of independence and creative initiative, on the basis of intensifying centralized, planned guidance of the state.

The economic management structure must be organized on the principle of properly combining productive features and regional features. Only then is it possible to find full solution to important problems arising in economic development and economic guidance, such as the matter of effectively ensuring specialized production and cooperative production, the matter of intensifying technological guidance over production, and the matter of bringing guidance close to reality.

It must be developed on the principle of ensuring a balanced combination between political guidance, economic and technological guidance, and administrative and organizational guidance. This is an important way of scientifically managing and operating the modern, large-scale socialist economy through combining economic and technical work closely with administrative and organizational work, while giving top priority to political work as required by the Tsean work system.

It must be organized in the way of streamlining the structure as much as

possible and strengthening the subordinate units. It is only when it is streamlined to help the subordinate units play their role to the full that the economic management structure can effectively render help to producers. With a view to fully implementing the Taaen work system and bringing its advantages to the full, a powerful campaign must be launched to regularize economic management.

Regular economic management is the mode of management and operation which induces the economic management body and the people involved in it to carry out activities in an orderly and regular way according to the established management regulations. It makes economic management work to suit the nature of socialist society based on collectivism and the characteristics of the modern, large-scale socialist economy. When economic management is put on a regular footing, well-regulated order is established whereby all management officials and producers work as one as required by the regulations of economic management, and the requirements of the socialist economic management system are realized accurately in the day-to-day economic activities of all branches and units of the national economy. Regular economic management is a powerful way to consolidate the Taaen work system organizationally and bring its advantage and vitality into the fullest play.

In order to realize regular economic management, it is important to work out realistic and effective regulations of economic management. The regulations of economic management must be made to meet the requirements of the Taaen work system on the basis of the practical experience of our socialist economic construction, and to prove its worth in helping officials to display their creativity in their work. The terms of reference of the management departments of economic institutions and enterprises must also be made effectively. The regulations of economic management and terms of reference must be improved to perfection to meet the requirements of developing reality.

Developing a model unit well and generalizing its experience is of great importance in putting economic management on a regular footing. Creating a

positive example in a unit and generalizing it is our Party's traditional work method. The economic guidance institutions must work well to further improve the management and operation of the model units already established in all branches and generalize the experience gained in regular economic management.

In order to promote economic management on a regular basis, it is important to establish a well-regulated system for training and reeducating the leading officials of units at all levels on a regular basis and give effective education to economic management officials.

With a view to implementing the Tae'an work system, it is imperative to thoroughly establish the system of reviewing daily production and financial affairs created by our Party.

This is our unique style of mass industrial management system, which embodies the requirements of the Tae'an work system as a whole.

It is the industrial management system of the masses themselves whereby the review of production and the review of financial affairs are held in gear with each other every day with the workteam as the main unit with the active involvement of the producer masses, the production activities of the unit and its every member are estimated collectively through proper combination between political and moral incentives and material incentives and industrial management is improved regularly on the basis of the creative opinions of the masses. Practical experience shows that the system of reviewing daily production and financial affairs is an advantageous and viable mass industrial management system which forcefully stimulates the campaign for increased production and economy at all branches and units of the national economy and induces the producer masses to fulfil their responsibility and role as the actual masters of industrial management.

The system serves as a powerful means even in putting economic management on a regular basis. It requires that all members of the workteam take charge of every aspect of such industrial management work as technical affairs, equipment, materials, manpower and finance, along with production, and that the producer masses themselves review both the fulfilment of the

daily production plan and the financial management affairs in gear with each other every day, thus ensuring effective, regular economic management.

We must consolidate and develop this system, of which the validity and advantages have already been proved through practice, so as to bring the vitality of the Taeon work system into full play.

It is important to efficiently promote the work of generalizing the achievements and experience gained in implementing the Taeon work system, and of finding out the deviations hindering the process of establishing the Taeon work system and correcting them one by one, by adopting scientific methodology.

The Taeon work system is an ideal form of economic management which represents the present-day and future process of constructing socialism and communism. To defend and implement the Taeon work system—this is the major key to frustrating the anti-socialist manoeuvres of the imperialists and modern social democrats and bringing the advantages of the socialist economic system into full play, so as to effect a revolutionary upswing in socialist economic construction.

All the leading economic officials and working people must work actively to defend and implement the Taeon work system, thus steadily improving the guidance and management of the socialist economy.

### **3. ON THE SOCIALIST METHOD OF ECONOMIC MANAGEMENT**

The method of economic management is a matter of great importance in the theory and practice of socialist economic management.

The socialist economy is managed and operated by a certain method of economic management; the method of economic management renders a great influence on the in-depth development of the socialist economic system as a

whole. The socialist economic system is a new economic system established on the basis of having overthrown the capitalist economic system in a revolutionary way. Hence, the method of its management and operation should be created in a new way on the socialist principle. If the economic system in socialist society is managed by capitalist methods, the socialist economic system might go through gradual erosion and be unable to display its advantages, putting the socialist system in jeopardy.

The earlier revolutionary theory of the working class failed to find a correct answer to the problem of the method of guidance and management of the socialist economy. In the past, due to lack of accurate theory on the socialist method of economic management and practical experience in the management of socialist economy, quite a few socialist countries adopted without due consideration the industrial management method which had been employed by the then developed capitalist countries, with the result that the method of economic management has been affected by many capitalist elements.

The historic task of creating a new socialist method of economic management has been successfully accomplished at last by the theory on the Juche-orientated socialist economic management. This theory gives comprehensive and scientific answers to all problems arising in the matter of finding a solution to the socialist method of economic management, ranging from its essence and principles of application to concrete methodology.

The management and operation of the socialist economy is the process of realizing a combination between political guidance, economic and technical guidance and administrative and organizational guidance, and this process requires the application of various means and ways. The method of moving people through the application of those means and ways is precisely the method of managing and operating the socialist economy.

Every method to be employed in socialist economic management must be collectivistic in essence. In other words, the socialist method of economic management must base itself on collectivism and serve to realize it. Collectivism requires that the interests of the collective be put in the first

place of consideration and everything be geared to fully realize it while the interests of the individual members of the collective are defended. The principle of the application of economic management method in socialist society serves to satisfy the demands of individuals on the basis of meeting the demands of the social collective before anything else, and to place main consideration on the consolidation of the unity and cooperation of the social collective while bringing the creative initiative of all members of the collective into full play.

Individualism is fundamentally opposed to collectivism. The method which is based on individualism and incites egoism is the capitalist method of economic management, and this cannot be a socialist method of economic management in any case. The capitalist method of economic management, if applied in the management of the socialist economy, will give rise to fundamental change of the socialist economic system itself.

Opposing individualistic method and maintaining collectivist method is an important matter bearing upon the destiny of the socialist economic system. If one takes the road of destroying the social ownership of the means of production and restoring capitalist private ownership as a whole while adopting the capitalist method of economic management based on individualism, the socialist planned economy will break down and a capitalist market economy will be revived. Needless to say, various means and ways can be applied in socialist economic management, depending on the characteristics of certain projects or specific circumstances. However, they must always be applied to suit the collectivist principle. Only then can the method of economic management serve as a means of consolidating and developing the socialist economic system and bringing its advantages into play. We must categorically reject any attempt to introduce individualistic method in the management of the socialist economy, and make every effort to staunchly defend and maintain the collectivist method and constantly develop it.

In socialist economic management our Party maintains the principle of employing political method in the main and combining it properly with



economic and technical method and administrative and organizational method.

In socialist economic management main stress should be put on political method.

Political method is the most important method of socialist economic management which has been newly expounded by our Party. This is the method of mobilizing the producer masses for the fulfilment of economic tasks by stimulating their revolutionary enthusiasm and creative zeal. It acts most positively on the work of applying the collectivist principle. In socialist economic management, only on the basis of constantly developing the political and ideological consciousness of the producer masses and strengthening their unity and cooperation, with main emphasis on political method, can all kinds of economic management method be applied exactly to meet the collectivist nature of socialist society and their vitality be brought into full play.

Putting main stress on political method means giving top priority to political work over all other work. Giving precedence to political work is the method of forcefully mobilizing the masses for the fulfilment of revolutionary tasks by putting main emphasis on and enlisting their ideas. Dealing with the education of the people as the first process of their work, leading economic officials, whenever they organize economic work, must first conduct information work and agitation among the producer masses effectively by employing various forms and methods in order to bring them to have a clear understanding of the objectives, importance and ways for carrying out the economic tasks at hand. They must always go among the producer masses as required by the political method to share life and death, weal and woe with them and teach and help the officials at lower echelons in all respects, politically and ideologically, and economically and technically. Only when they always go down to subordinate units to mix intimately with the producer masses, can the seniors and juniors unite and closely cooperate with each other in a comradely manner, developing socialist cooperative production. Leading economic officials must make it their daily routine and

habit to go down to subordinate units to mix with the producer masses, find out ways for carrying out economic tasks at hand by relying on the wisdom of the masses, and break the bottlenecks in production on time and in a responsible manner.

Finding a solution to the problems arising in economic management through a mass campaign is an important requirement for embodying political method. To launch a mass campaign vigorously under the Party's leadership is of great significance in stimulating the producer masses to display collectivist spirit to the full and turning economic management firmly into the work of the masses themselves. Economic institutions and enterprises must pay close attention to launching various forms of mass campaign aggressively under the guidance of their respective Party committees.

Economic and technical method is an important way for managing and operating the socialist economy.

Managing and operating the socialist economy is the process of translating objective economic laws and scientific and technological requirements of production into reality. In socialist economic management, the economic and technical work of meeting the objective economic laws and scientific and technological requirements of production poses itself as an essential requirement, and the way for satisfying it scientifically and reasonably is precisely the economic and technical method. The economic and technical method requires that all management activities are planned and organized in a coordinated way. Management activities must be conducted strictly under the detailed and elaborate plan based on exact calculation of the factors which affect production and management activities.

Planned management activities are an essential requirement of the socialist planned economy and modern, large-scale production. It is only when economic institutions and enterprises plan their management activities in accordance with the Party's lines and policies and the unified national economic plan of the state that it is possible to develop the economy as suited to the common interests of society, and fully ensure socialist extended

reproduction by exactly guaranteeing complicated and diversified relations between production units which form a single economic organism. Under the unified national economic plan of the state, planned management activities enable each of the economic guidance institutions to work out its operational plan, and every enterprise to map out its concrete action plan, and carry out their economic activities with intention and purpose according to their respective plans, thus ensuring uninterrupted development in production and management.

Arrangement of production, technical management, materials supply, labour administration, management of products, financial management and other management activities must be organized scientifically to the last detail, so that the production tasks at hand are fulfilled without fail both qualitatively and quantitatively and on all indices and great successes are achieved in economic work. The main aspect in organizing management activities is to establish scientific order and standard of economic management based on collectivism and motivate all members to observe them strictly. In the modern, large-scale socialist economy, in which production is in action simultaneously and continuously on the basis of highly-developed division and cooperation of labour, a slight non-organizational aspect exerts negative influence to a great extent upon production as a whole, making the large-scale economy unable to display its advantages as it should. Economic institutions and enterprises must map out realistic and scientific plans on the basis of thoroughgoing economic and technical calculation and efficiently organize, estimate and review the process of fulfilling them. They must channel great efforts into the practical work of exactly coordinating the relations between production units, procedure and order of each production process, relations between the work of all aspects of management activities, and the procedure of work.

Intensifying scientific and technological guidance over production is a most important content of economic and technical method. As the production process is immediately the technical process in the modern, large-scale socialist economy, it is important to direct production scientifically and

technologically. Scientific and technological guidance over production must ensure that scientific and technological requirements are accurately satisfied in the whole process of planning and preparing production. Technical factors must be taken into scientific calculation in working out the production plan, technical preparation be given top priority in the preparation for production, and technical management conducted efficiently, so that the production process is under way in keeping with scientific and technological requirements. Economic institutions and enterprises must step up scientific and technological guidance, so as to increase the effectiveness of production continuously. Planning and organizing management activities at the highest level and turning the guidance over production fully into scientific and technological guidance constitute a modern and scientific method suited to the socialist economy, as well as a method to be embodied more deeply with the development of the socialist economy. Our Party has defined this method as the industrial method and ensured that it has been embodied widely in the management and operation of the agricultural economy and all other branches of the national economy. As the great leader has instructed, industrial method actually means the method of economic management in industrial enterprises. Economic institutions and enterprises must effect a new turn in planning and organizing management activities and intensifying scientific and technological guidance.

Material incentive is a reflection of the transitional character of socialist society, constituting an important content in the embodiment of economic and technical method. It is translated into reality through the use of economic laws and categories reflecting the transitional character of socialist society. These economic laws and categories must be used as economic levers which stimulate and control the process of applying the collectivist principle better. As they are related to the remains of the old society, they may either serve effectively in applying collectivist principle or be used in giving rise to capitalist elements, depending on how they are used. The material incentive elucidated by the theory of Juche-orientated socialist economic management is, to all intents and purposes, an economic means which serves to apply

collectivist principle. It must be used exactly as an economic means for better application of collectivist principle, on the basis of putting emphasis on political method.

In socialist society the self-balancing system and the principle of socialist distribution must be applied in such a way as to give more benefits and credit to those producers and their collectives that have worked harder and contributed more for the interests of the state and society. This does not contradict the collectivist principle, which views that the interests of both the collective and individuals are in unity with each other, but constitutes a condition for applying it better. In order to make the self-balancing system serve as an economic means of applying the collectivist principle, the principle of giving relative independence to enterprises and appreciating the enterprise that has rendered greater benefits to the state more than any other enterprises should be adhered to properly. Only then is it possible to fully ensure the interests of the state while guaranteeing the interests of individual producers' collective satisfactorily. In order for the economic levers that apply the principle of socialist distribution to suit the collectivist principle, they must be used under the unified guidance of the state. Only when the principle of socialist distribution is applied under the unified guidance of the state is it possible to distribute the national income among the state and producers in a reasonable and fair way and fully ensure the interests of the state at the same time as guaranteeing the interests of individuals properly.

In socialist society the economic categories related to the application of the law of value such as cost, price, interest, profit and the like must also be used as auxiliary means for rationalizing the planned and balanced development of the national economy and industrial management. The main point in using the law of value in accordance with the nature of collectivism in socialist society is to hold fast to the principle of uniform price. Only when the prices of products and services are set under the unified guidance of the state can the form of value be used properly as auxiliary means for the planned management of the national economy.

It is important to employ administrative and organizational method

correctly in socialist economic management.

For proper management and operation of the socialist economy, the administrative and organizational method of moving economic institutions and enterprises as well as their members by administrative means and order must be employed properly.

Administrative and organizational method is essentially different from bureaucratic method. The latter is the method of controlling people by authority and order, whereas the former is the method of organizing and ensuring the independent and creative economic activities of the masses by employing administrative means and ways. Needless to say, the administrative and organizational method assumes the character of authority in that it requires the officials and working people to observe the discipline of obligatorily carrying out the regulations and rules, administrative decisions and directives issued by the state, and it takes administrative and legal sanctions against those who violate it. This is not, however, the authority of controlling the masses, but the authority the masses exercise for themselves. The authority of the socialist state functions to represent the right of the masses to independence, and it is the authority which is exercised on all accounts to oppose encroachments upon their right to independence and their interests.

What is important in employing administrative and organizational method is to make clear demarcation between responsibility and authority. The responsibility and authority of all units and their members, ranging from central administrative and economic guidance institutions to local administrative and economic guidance institutions and enterprises, as well as their subordinate units, must be laid down clearly. Only then can all those involved in economic activities perform their duty with credit as dictated by distinct administrative and organizational assignment.

It is necessary to properly make state laws, regulations, rules, by-laws, work guides and the like related to economic management and, by strictly relying on them, coordinate and control the economic activities of the people. Only then is it possible to establish rigid discipline for planning, production,

labour administration, property management and financial administration. The state laws, regulations, rules, by-laws, work guides and the like are important administrative and organizational means. They need to be re-examined and improved to perfection to meet the demands of the socialist economic management system and the developing reality. Campaigns should be launched aggressively on the two fronts of education and control so that all officials and working people have a correct understanding of the order defined by state laws, regulations, rules, by-laws and work guides and observe them strictly.

The system of adopting and issuing administrative decisions and directives exactly and on time and carrying them out to the letter and reporting the results must be thoroughly established. Administrative decisions and directives are important means of moving officials and working people organizationally. In the light of administration, the economic management of guiding the economic activities of people is the work of issuing necessary orders and directives on time and grasping, coordinating and controlling the process of their accurate implementation. Only when the system of issuing administrative decisions and directives exactly and on time and carrying them out to the letter within the set time and reporting the result is established can a regular system of administrative guidance be established and the centralized guidance of the state be fully realized. Administrative and economic institutions and enterprises must make every effort to tighten administrative and organizational discipline.

In socialist economic management political method, economic and technical method and administrative and organizational method are closely linked with one another and realized in an integrated process. In socialist economic management, political method holds priority over the others; hence, only on the basis of giving priority to political method can economic and technical method and administrative and organizational method be put into effect successfully by relying on the voluntary enthusiasm and creative zeal of the masses. In the meantime, political method can have its objective fully accomplished only when it is linked with economic and technical

method and administrative and organizational method. Economic and technical method and administrative and organizational method are united in the practice of economic management, each restricting and supplementing the other. Economic and technical method cannot be applied unless it is supported by the administrative and organizational method, while the administrative and organizational method acquires significance only when it becomes the means of ensuring the application of economic and technical method administratively and organizationally.

The basic method of socialist economic management must necessarily be supported and concretized by the concrete methodology for developing work.

With the growth of the scale of the economy and improvement of the level of technical equipment for production, the function of managing and operating the economy becomes specialized and detailed with the involvement of a great number of people in different positions. In the practice of managing and running the socialist economy, a variety of complicated circumstances are created. Reality shows that only a concrete methodology for developing work can ensure great success in socialist economic management.

It is necessary to adopt an accurate, comprehensive management methodology for developing work.

A comprehensive management methodology is the methodology by which leading economic officials grasp production and management activities as a whole and guide the process in a unified way. The guidance of leading economic officials is realized through the process of planning and organizing work and of grasping, coordinating and controlling it. Constantly repeating the work of planning, organizing, grasping, coordinating and controlling people's economic activities so as to carry out economic tasks set forth by the Party and state on time and to the letter is the content of the activities of the leading economic officials to put the function of guidance into effect. Ambitious and scientific planning, accurate organization, systematic grasping, coordination and control—these are the main contents of the work of comprehensive management. Leading economic officials must



properly develop and apply comprehensive management methodology whereby their planning and organization, grasping and coordination and control are in scientific succession.

It is also important to create methods and ways of developing the work of every aspect of management activities. As the arrangement of production, technical management, materials supply, labour administration, financial management and other aspects of work have the objects and characteristics peculiar to them, only when they are organized and developed effectively in an orderly and regular manner in close links with each other according to the concrete methodology suited to them, can economic management be put into effect satisfactorily. Introducing the achievements of the economic science of the branches concerned, leading economic officials must properly formulate concrete methodology for organizing and developing the work of every aspect of management activities and constantly improve it to perfection.

It is important to develop a scientific methodology that corresponds with the requirements of the modern and scientific phase of the national economy. The reality in which the economic scale is growing and the undertaking to make the national economy modern and scientifically-based is vigorously under way urgently requires that a scientific methodology corresponding with it should be employed to manage and run the economy. In order to formulate scientific methodology in management activities, it is necessary to organize economic work to the last detail to meet the requirements of economic laws and the technological processes of production while at the same time introducing modern technical means on a wide scale. For the promotion of scientific management through the introduction of computers and other modern technical means, the achievements gained in the science of economic coordination and the methods of econometrics must be made use of effectively to suit specific conditions. We must improve the scientific methodology with which to widely introduce and make effective use of computers and other modern technical means in economic management to meet the actual situation of our country.

The revolutionary and scientific aspect as well as the indestructible

viability of Juche-orientated socialist economic management theory have already been proved in practice.

Our Party has been able to lead socialist economic construction along the road of brilliant victory without the slightest deviation, for it has wisely organized and led the struggle to find solutions to the problems of socialist economic management with Juche-orientated socialist economic management theory as its guiding principle.

We must firmly equip ourselves with Juche-oriented socialist economic management theory and apply it more thoroughly in the practice of economic management, so as to step up the on-going movement towards socialism and communism by bringing the advantages of our style of people-centred socialism into fuller play.

The mission of the University of National Economics that trains cadres for the economic management of the state is extremely important in firmly equipping leading economic officials with Juche-orientated economic management theory and translating it into reality in the practice of economic management.

The basic mission of the University of National Economics is to train the students into reliable economic management cadres who cherish unflinching loyalty and devotion to the Party and the leader and dynamically push ahead with the building of people's power and socialist economic construction in our own way.

It must intensify theoretical education to imbue the students fully with the Juche outlook on revolution and Juche-orientated economic management theory at the same time as it conducts education in practical affairs to regularize economic management. In the education on the regularization of economic management, lectures and seminars aimed at bringing the science of management and regulations for economic management home to the students must be conducted effectively, and the level of training and practice to teach them the method of economic management by actual deeds must be improved. The Administration Council and its commissions and ministries as well as central authorities and local administrative and economic institutions

and enterprises must establish a regular system whereby the students of this university can undertake practice, and provide them with satisfactory conditions for practice. The University of National Economics must further improve the methods for training with a research institute for every branch of the national economy and field training, and build up its own training centre.

It must conduct a deep study of concrete methodology for improving the standard of scientific and rational aspects of industrial management through the wide introduction of computers and other modern technical means so as to further improve the quality of education in economic management. It must also play its role as the base for computerizing economic management.

It must decisively improve the quality of the training of reserve cadres while channelling efforts into the work of re-educating leading cadres of the people's power organs and branches of the economy. It is important to properly organize educational systems and study courses of the University of National Economics to meet the demands of profound socialist construction, and as required by its basic mission as the cadre-training centre for bringing up leading cadres of the national economy.

It is necessary for this university to reorganize its educational system for training reserve cadres to meet the specific conditions in which the scale of the national economy is growing, science and technology are developing rapidly, and the general ideological and cultural qualifications of officials have reached a high level. It must put main stress on selecting promising officials who have graduated from ordinary universities and have accumulated some experience in their work, and on training them into economic management cadres; at the same time it must also admit retired officers and other fine people for the same purpose.

The education programme must be mapped out well in the direction of defining proper subjects, elevating the theoretical level of every subject, and improving educational methods in keeping with the reorganization of educational systems and study courses. To meet the condition in which there are many special courses, complications in the makeup of educational systems and many varieties of subject, it must set up necessary faculties,

enhance the role of departments and improve educational administration. It must also give priority to scientific research so as to build up a base for scientific research.

In addition, it must launch a vigorous campaign to elevate the teachers' scientific, theoretical, educational and practical qualifications.

It must make a deep study of theoretical and practical problems arising in the defence and implementation of the Juche-orientated socialist economic management system, including the Tae'an work system, and adopt scientific measures and a concrete methodology for their solution, so as to render actual help to improving socialist economic management. It must launch an uncompromising struggle against reactionary bourgeois ideas and the ideological trend of modern social democracy in the economic management of the state, and prevent elements of all manner of alien ideas contrary to Juche-orientated state economic management theory from infiltrating into our interior. It must not only conduct animated theoretical information work to thoroughly equip cadres, Party members and working people with our Party's idea and theory on the economic management of the state, but also widely propagate throughout the world our Party's economic management theory and experience in the training of cadres for economic management of the state.

Teachers are in direct charge of educational work. Their positive role guarantees the quality of teaching. The teachers of the University of National Economics must make every effort to acquire high teaching qualifications and ennobling traits and undertake the work of education and edification responsibly, bearing in mind that they are the standard-bearers in the struggle to defend and implement Party's ideas and theory.

Students' loyalty and filial piety to the Party and the leader are expressed in their study and Party life. Unless they make painstaking efforts to equip themselves firmly with a revolutionary outlook on the leader, possess a great wealth of versatile knowledge about their special field and other branches, and temper their Party spirit, it cannot be said that they are unfailingly loyal and dutiful. The students of the University of National Economics must strictly embody the study-first principle and intensify their Party life, so as to

prepare themselves fully as officials in charge of economic management, equipped with a high level of political and ideological qualifications and theoretical and practical capability, and set an example in transforming themselves on revolutionary patterns.

The University of National Economics must provide its teaching staff and students with full conditions for education, practice and life. It must efficiently run research institutes for each branch of the national economy and steadily put it on a modern, scientific footing to meet the requirements of development, and take measures to supply equipment and materials necessary for this purpose. It must build up its library and provide every condition for its students to study hard. Its supply departments must do their bit to provide the teaching staff and students with satisfactory conditions. Measures must be taken to improve the supply work of the university.

In order for this university to successfully carry out the task facing it, its primary Party committee must enhance its role. It must intensify Party guidance over the work of educational administration and management so as to fully implement the Party's policy on the training of cadres. It must give effective guidance to the Party life of the teaching staff and students so that they display their loyalty and filial piety to the Party and leader to the utmost and discharge their revolutionary duty responsibly.

The Party's trust in and expectation for the University of National Economics are very great in strengthening people's power and stepping up socialist economic construction so as to consummate the cause of modelling the whole of society on the Juche idea. As in the past, so also in the future, the University of National Economics must firmly establish the revolutionary outlook on the leader and uphold the Party's leadership loyally; it must become a university of the Party which casts in its lot with the Party and serves the Party with loyalty.

I firmly believe that the University of National Economics will discharge the honourable mission and duty entrusted to it with credit, holding aloft the idea of the Party to brilliantly carry forward and complete to the last the revolutionary cause of Juche.

